

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

JUNE 30, 2006

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

July 13, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Central Lake Public Schools
Central Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Central Lake Public Schools, Central Lake, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Central Lake Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Lake Public Schools, Central Lake, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2006, on our consideration of Central Lake Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Lake Public Schools, Central Lake, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CENTRAL LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

Central Lake Public Schools, a K-12 school district located in Antrim County, Michigan has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Central Lake Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds which include Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government-wide Financial Statements

This report includes government-wide statements as required by GASB Statement Number 34. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

CENTRAL LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30, 2005 and June 30, 2006:

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets	\$ 1,670,274	\$ 2,042,633
Non Current Assets		
Capital Assets	\$ 7,511,481	\$ 7,442,421
Less Accumulated Depreciation	<u>(2,798,726)</u>	<u>(2,593,736)</u>
Total Non Current Assets	\$ 4,712,755	\$ 4,848,685
Total Assets	<u>\$ 6,383,029</u>	<u>\$ 6,891,318</u>
Liabilities		
Current Liabilities	\$ 599,864	\$ 678,757
Non Current Liabilities	<u>1,205,215</u>	<u>1,374,623</u>
Total Liabilities	\$ 1,805,079	\$ 2,053,380
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 3,392,755	\$ 3,338,685
Restricted for Debt Service	175,183	111,692
Unrestricted	<u>1,010,012</u>	<u>1,387,561</u>
Total Net Assets	\$ 4,577,950	\$ 4,837,938
Total Liabilities and Net Assets	<u>\$ 6,383,029</u>	<u>\$ 6,891,318</u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2006, the District's net assets decreased by \$259,988. A few of the more significant factors affecting net assets during the year are discussed below:

CENTRAL LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2006, \$231,954 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2006, \$96,024 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$135,930 for the fiscal year ended June 30, 2006.

E. Results of Operations

For the fiscal year ended June 30, 2006 and 2005, the results of operations, on a District-wide basis, were:

	2006	% of Total	2005	% of Total
General Revenues				
Property Taxes	\$ 2,259,653	48.26 %	\$ 2,092,815	42.82 %
Investment Earnings	58,859	1.26 %	43,301	0.88 %
State Sources	1,348,965	28.81 %	1,698,288	34.75 %
Gain on Sale of Capital Assets	2,000	0.04 %	0	0 %
Other	39,471	0.84 %	216,675	4.43 %
Total General Revenues	\$ 3,708,948	79.21 %	4,051,079	82.88 %

CENTRAL LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

	2006	% of Total	2005	% of Total
Program Revenues				
Charges for Services	\$ 165,604	3.54 %	120,445	2.47 %
Operating Grants	807,724	17.25 %	716,142	14.65 %
Total Program Revenues	\$ 973,328	20.79 %	836,587	17.12 %
Total Revenues	\$ 4,682,276	100.00 %	4,887,666	100.00 %
Expenses				
Instruction	\$ 2,617,761	52.97 %	\$ 2,585,575	54.51 %
Supporting Services	1,630,099	32.98 %	1,498,834	31.60 %
Community Activities	8,745	0.18 %	468	0.01 %
Food Service Activities	170,169	3.44 %	159,571	3.36 %
Athletic Activities	149,683	3.03 %	133,145	2.81 %
Interest on Long-Term Debt	48,461	0.98 %	52,177	1.10 %
Capital Outlay	5,986	0.12 %	4,085	0.09 %
Other Transactions	79,406	1.61 %	102,898	2.17 %
Unallocated Depreciation	231,954	4.69 %	206,378	4.35 %
Total Expenses	\$ 4,942,264	100.00 %	\$ 4,743,131	100.00 %
Change in Net Assets	\$ (259,988)		\$ 144,535	

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

CENTRAL LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

For the 2005-2006 fiscal year, the District levied \$1,971,841 in non-homestead property taxes. This represented an increase of 9.23% from the prior year. The amount of unpaid property taxes at June 30, 2006, was \$7,513.

The following table summarizes the non-homestead property tax levies for operations for the past three years:

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>
2005-2006	1,971,841
2004-2005	1,805,236
2003-2004	1,622,908

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2005-2006 fiscal year, the District received \$7,637 per student FTE.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past three fiscal years:

<u>Fiscal Year</u>	<u>Blended Student FTE</u>
2005-2006	444
2004-2005	480
2003-2004	475

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2006, federal, state, and other grants accounted for \$807,724.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments

CENTRAL LAKE PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2005-2006 fiscal year, the District amended the general fund budget in June 2006. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 4,235,829	\$ 4,230,244	\$ 4,193,761	\$ (36,483)
<u>EXPENDITURES</u>				
Instruction	\$ 2,716,988	\$ 2,661,574	\$ 2,657,956	\$ (3,618)
Supporting Services	1,562,001	1,661,187	1,631,362	(29,825)
Transfers	178,014	168,656	165,968	(2,688)
Community Activities	814	8,745	8,745	0
Custody and Care of Children	250	0	0	0
Other	54,900	101,319	96,690	(4,629)
Total	\$ 4,512,967	\$ 4,601,481	\$ 4,560,721	\$ (40,760)

The total revenues variance of \$36,483 is 0.86% of total budgeted revenues and the total expenditures variance of \$40,760 is 0.89% of the total General Fund budget expenditures.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2005-2006 fiscal year, the District had invested over \$7.51 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$69,060 from the prior fiscal year. Depreciation expense for the year amounted to \$231,954 bringing the accumulation to \$2.80 million as of June 30, 2006.

CENTRAL LAKE PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2006

2. Long-Term Debt

At June 30, 2006, the District had \$1,320,000 in bonded debt outstanding. This represents a reduction of \$190,000 over the amount outstanding at the close of the prior fiscal year.

I. Factors Impacting the District's Present and Future Financial Conditions

At the time that these financial statements were prepared and audited, the District was aware of the following factors that have had impact on finances and could have significant affect on the district's financial security in the future:

- The bleak economic picture in the state continues to have a depressing financial impact on Michigan Schools, including Central Lake Public Schools. The foundation allowance for schools had been flat for three years. In two of those three years the District has had to adjust budgets due to the promised foundation by the state having been reduced through proration announcements midyear. This past year a modest increase came no where near making up for increased costs and lost opportunities of the immediate previous years.
- This school district had a major decrease in student enrollment during the 2005-2006 school year that resulted in the District using more of the fund balance than expected during the year. The school continues to feel the impact of a student count that is below the average of the last 5 years. This decrease in student numbers is mainly due to population loss because of lower birth rates and less employment. Open enrollment between districts has an impact, but not as much as students leaving the area. Uncertainty in these trends from year to year does make it difficult to create a budget each year.
- Health care rate increases continue to pressure District resources. Changes in coverage assisted in minimally reducing increases for the 2004-2005 school year. Increases for the 2005-2006 school year were projected at over 16%. Increases in legislatively mandated retirement costs drastically increase the pressure on a budget already stressed due to declining enrollment an almost flat foundation, increased insurance costs, also put a strain on the budget.
- This audit does reflect district efforts to reduce costs through cuts in staff. The District did have staff take advantage of an Early Retirement Incentive plan that allowed for a reduction in number of staff. The District elected to leave vacant many vacancies when there were resignations in support staff during the year. Most notably, the district elected to reduce the number of administrators for the year, and presently have one principal, a superintendent, and a part-time lead teacher. The opening came about due to our elementary principal taking an Educator-on-Loan position with the state. As mentioned, the district elected to not fill this position.

CENTRAL LAKE PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

- The Board of Education took steps as part of the 2005-2006 budget process to further reduce staff or hours in instruction, support, administration, athletics, clerical and bussing to ensure the financial health of the district. We did lay off one teacher assistant, and not fill a position when an assistant took a year leave-without-pay.
- The District has also expanded the partnerships with the Head Start and Char-EM ISD early childhood programs to support the building project and the operational aspects. The continuing partnership with the Cleo Purdy Endowment and the local Head Start will be part of a long-term payback to the Capital Projects Fund. This past year, Head Start managed what had been the "Central Lake" room in the center, and will expand its management over all three rooms for the 2006-2007 school year. This will save money and ensure a common program for all students in the Center. In addition, Head Start will sell the district two busses for \$1.00 each to help with transportation needs in the future.

As the District enters the 2006-2007 school year it is clear that the Board of Education has taken steps to try and ensure that services to community children are provided in an era where all costs are increasing at a higher rate than the State of Michigan is deciding to increase necessary revenue. The local taxpayers recently approved the renewal of our 18 mill Homestead Operating millage, a regional vocational education millage, and a .45 mill sinking fund to help with repairs across the district. While these are important and indicate the value our local citizens have for education it also is an indication that the State of Michigan is continuing to place the burden of paying for education across the state on strapped local communities. The bottom line for the Board of Education is that as a governing board it is hampered in that it has almost no power to impact the legislature when it comes to increasing revenue, or our progressively higher cost of doing business.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Central Lake Public Schools, 8190 W. State Street, P.O. Box 128, Central Lake, Michigan 49622.

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

ASSETS

CURRENT ASSETS

Cash	\$ 12,501
Taxes Receivable	7,513
Accounts Receivable	11,648
Due from External Parties (Fiduciary Fund)	5,174
Due from Other Governments	267,582
Inventories	32,489
Investments	1,333,367
Total Current Assets	1,670,274

NON CURRENT ASSETS

Capital Assets	7,511,481
Less Accumulated Depreciation	(2,798,726)
Total Non Current Assets	4,712,755
TOTAL ASSETS	\$ 6,383,029

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 7,344
Accrued Expenses	111,674
Accrued Interest Payable	7,549
Salaries Payable	278,297
Current Portion of Non Current Liabilities	195,000
Total Current Liabilities	599,864

NON CURRENT LIABILITIES

Bonds Payable	1,320,000
Compensated Absences	80,215
Less Current Portion of Non Current Liabilities	(195,000)
Total Non Current Liabilities	1,205,215
Total Liabilities	1,805,079

NET ASSETS

Invested in Capital Assets Net of Related Debt	3,392,755
Restricted for Debt Service	175,183
Unrestricted	1,010,012
Total Net Assets	4,577,950
TOTAL LIABILITIES AND NET ASSETS	\$ 6,383,029

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR	OPERATING	ACTIVITIES
		SERVICES	GRANTS	NET (EXPENSES)
				REVENUES AND
				CHANGE IN
				NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 2,138,092	\$ 84,314	\$ 117,713	\$ (1,936,065)
Added Needs	479,669	8,745	487,859	16,935
Supporting Services				
Pupil	211,003	0	116,797	(94,206)
Instructional Staff	209,395	0	3,760	(205,635)
General Administration	155,364	0	0	(155,364)
School Administration	217,748	0	0	(217,748)
Business	146,383	0	0	(146,383)
Operation and Maintenance of Plant	413,869	0	0	(413,869)
Pupil Transportation Services	197,108	0	423	(196,685)
Other Supporting Services	79,229	0	0	(79,229)
Community Activities	8,745	0	0	(8,745)
Food Service Activities	170,169	47,976	81,172	(41,021)
Athletic Activities	149,683	24,569	0	(125,114)
Interest on Long Term Debt	48,461	0	0	(48,461)
Capital Outlay	5,986	0	0	(5,986)
Other Transactions	79,406	0	0	(79,406)
Unallocated Depreciation	231,954	0	0	(231,954)
Total Governmental Activities	<u>\$ 4,942,264</u>	<u>\$ 165,604</u>	<u>\$ 807,724</u>	(3,968,936)
<u>GENERAL REVENUES</u>				
Property Taxes -General Purposes				1,971,869
Property Taxes -Debt Service				287,784
Interest Earnings				58,859
State Sources				1,348,965
Gain on Sale of Capital Assets				2,000
Other				39,471
Total General Revenues				<u>3,708,948</u>
Change in Net Assets				(259,988)
<u>NET ASSETS</u> - Beginning of Year				<u>4,837,938</u>
<u>NET ASSETS</u> - End of Year				<u>\$ 4,577,950</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2006

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash	\$ 6,612	\$ 0	\$ 0	\$ 5,889	\$ 12,501
Taxes Receivable	6,627	0	886	0	7,513
Accounts Receivable	11,038	0	0	610	11,648
Due from Other Funds	7,112	9,035	39	0	16,186
Due from Other Governments	263,847	0	0	3,735	267,582
Inventories	19,757	0	0	12,732	32,489
Investments	468,031	691,078	174,258	0	1,333,367
 TOTAL ASSETS	 \$ 783,024	 \$ 700,113	 \$ 175,183	 \$ 22,966	 \$ 1,681,286
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 7,310	\$ 0	\$ 0	\$ 34	\$ 7,344
Salaries Payable	278,169	0	0	128	278,297
Accrued Expenses	111,674	0	0	0	111,674
Due to Other Funds	9,074	0	0	1,938	11,012
Deferred Revenue	84,679	0	0	0	84,679
 Total Liabilities	 490,906.00	 0	 0	 2,100.00	 493,006.00
<u>FUND BALANCES</u>					
Reserved for Inventories	19,757	0	0	12,732	32,489
Reserved for Debt Service	0	0	175,183	0	175,183
Designated for Food Service	0	0	0	7,401	7,401
Designated for Athletic Activities	0	0	0	733	733
Unreserved, Undesignated	272,361	700,113	0	0	972,474
 Total Fund Balances	 292,118	 700,113	 175,183	 20,866	 1,188,280
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 783,024	 \$ 700,113	 \$ 175,183	 \$ 22,966	 \$ 1,681,286

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2005

Total Governmental Fund Balances		\$ 1,188,280
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	7,511,481	
Accumulated depreciation is	<u>(2,798,726)</u>	4,712,755
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred Revenue - End of Year		84,679
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Bonds Payable		(1,320,000)
Compensated Absences		(80,215)
Accrued interest is not included as a liability in government funds, it is recorded when paid		<u>(7,549)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,577,950</u></u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Sources	\$2,052,980	\$ 39,785	\$293,299	\$ 72,930	\$ 2,458,994
State Sources	1,528,287	0	1,329	12,754	1,542,370
Federal Sources	241,333	0	0	68,418	309,751
Other Transactions	371,161	0	0	0	371,161
Total Revenues	<u>\$4,193,761</u>	<u>\$ 39,785</u>	<u>\$294,628</u>	<u>\$ 154,102</u>	<u>\$ 4,682,276</u>
<u>EXPENDITURES</u>					
Instruction					
Basic Programs	\$2,157,894	\$ 0	\$ 0	\$ 0	\$ 2,157,894
Added Needs	500,062	0	0	0	500,062
Supporting Services					
Pupil	209,841	0	0	0	209,841
Instructional Staff	208,826	0	0	0	208,826
General Administration	155,364	0	0	0	155,364
School Administration	217,748	0	0	0	217,748
Business	149,383	0	0	0	149,383
Operation and Maintenance	413,869	0	0	0	413,869
Pupil Transportation Services	198,264	0	0	0	198,264
Other Support Services	78,067	0	0	0	78,067
Community Activities	8,745	0	0	0	8,745
Food Service Activities	0	0	0	170,169	170,169
Athletic Activities	0	0	0	149,683	149,683
Capital Outlay	0	79,960	0	0	79,960
Debt Service					
Principal	0	0	190,000	0	190,000
Interest	0	0	49,094	0	49,094
Other Transactions	96,690	3,604	225	0	100,519
Total Expenditures	<u>\$4,394,753</u>	<u>\$ 83,564</u>	<u>\$239,319</u>	<u>\$ 319,852</u>	<u>\$ 5,037,488</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ (200,992)</u>	<u>\$ (43,779)</u>	<u>\$ 55,309</u>	<u>\$ (165,750)</u>	<u>\$ (355,212)</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	GENERAL FUND	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 165,968	\$ 165,968
Transfers Out	(165,968)	0	0	0	(165,968)
Total Other Financing Sources (Uses)	\$ (165,968)	\$ 0	\$ 0	\$ 165,968	\$ 0
Net Change in Fund Balances	\$ (366,960)	\$ (43,779)	\$ 55,309	\$ 218	\$ (355,212)
<u>FUND BALANCES</u> - Beginning of Year	659,078	743,892	119,874	20,648	1,543,492
<u>FUND BALANCES</u> - End of Year	\$ 292,118	\$ 700,113	\$ 175,183	\$ 20,866	\$ 1,188,280

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Net change in Fund Balances Total Governmental Funds \$ (355,212)

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities.

These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(231,954)
Capital Outlay	96,024

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	8,182
Accrued Interest Payable - End of Year	(7,549)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Revenue - Beginning of Year	(63,566)
Deferred Revenue - End of Year	84,679

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	190,000
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Employees Early Retirement and Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Early Retirement - Beginning of Year	45,000
Early Retirement - End of Year	0
Compensated Absences - Beginning of Year	54,623
Compensated Absences - End of Year	(80,215)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (259,988)</u>
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The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2006

	PRIVATE PURPOSE TRUST FUND	AGENCY FUNDS
<u>ASSETS</u>		
Cash	\$ 14,603	\$ 55,911
Due from Other Funds	0	1,938
TOTAL ASSETS	<u>\$ 14,603</u>	<u>\$ 57,849</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Groups and Organizations	\$ 0	\$ 50,737
Due to Other Funds	0	7,112
TOTAL LIABILITIES	<u>0</u>	<u>57,849</u>
<u>NET ASSETS</u>		
Reserved for Trust Activities	<u>14,603</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,603</u>	<u>\$ 57,849</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

JUNE 30, 2006

	<u>PRIVATE PURPOSE TRUST FUND</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 377
<u>DEDUCTIONS</u>	<u>0</u>
Change In Net Assets	\$ 377
<u>NET ASSETS</u> - Beginning of Year	<u>14,226</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 14,603</u></u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Central Lake Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Central Lake Public Schools (the "District") is located in Antrim County with its administrative offices located in Central Lake, Michigan. The District is governed by the Central Lake Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District provides services to its 444 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Other Non-major Funds

The *Special Refund Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *Expendable Trust Funds* are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For fiscal year ended June 30, 2006, the per pupil foundation allowance was \$7,637 for Central Lake Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governments.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value which equals costs. The School District's investment policy states the superintendent is responsible for maximizing the interest earnings of the District. Authorized investments of the District are restricted to:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state.

The board also authorizes the superintendent to open passbook savings accounts for general fund monies to earn interest while not being used for operating purposes or invested otherwise. Such accounts shall be used when the cash flow pattern does not permit the purchases of longer term investments or when the rate of return is comparable or greater than is available from other investments.

School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and are billed and due December 1. Unpaid taxes become delinquent as of February 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	18.0000
Debt Service Fund - Homestead and non-homestead	1.4000

Antrim County has a tax revolving fund which allows the county to pay off the various taxing units for their share of the current year real property taxes returned delinquent. In the current fiscal year, the School District received the total real property taxes returned delinquent for the

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

2005 tax roll. No liability for possible repayment of taxes and no allowance for uncollectible taxes has been recognized in the financial statements.

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. The General Fund Inventory consists of the costs incurred to date for the construction of a Building Trades home. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	25 - 50 years
Furniture, Equipment and Textbooks	5-20 years
Land Improvements	40 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Deferred Revenue

The District reports deferred revenue on its individual fund balance sheets. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

9. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt, and capital projects funds. All annual appropriations lapse at fiscal year-end.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In June, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budgets are legally enacted through passage of a resolution.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year, the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 28, 2005, or as amended by the School Board of Education from time to time throughout the year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

Deposits

The District's deposits and investments are all on deposit with TBA Education Credit Union and Alden State Bank.

Custodial credit risk – deposits. This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$1,067,758 of the government's bank balance of \$1,530,759 was exposed to custodial credit risk because it was uninsured and uncollateralized.

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	General	Nonmajor and Other Funds	Total
Receivables			
Taxes	\$ 6,627	\$ 886	\$ 7,513
Accounts	11,038	610	11,648
Due from Other Governments	263,847	3,735	267,582
	<hr/>	<hr/>	<hr/>
Total Receivables	\$ 281,512	\$ 5,231	\$ 286,743
	<hr/>	<hr/>	<hr/>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Deferred
Grants Revenues Received, But Not Yet Utilized	\$ 0	\$ 73,641
Grants Revenues Not Received	11,038	0

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets:				
Land and Improvements	\$ 38,374	\$ 0	\$ 0	\$ 38,374
Buildings and additions	5,742,036	19,393	0	5,761,429
Furniture, equipment, and textbooks	1,662,011	76,631	26,964	1,711,678
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	\$ 7,442,421	\$ 96,024	\$ 26,964	\$ 7,511,481
Accumulated depreciation	(2,593,736)	231,954	26,964	(2,798,726)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Capital assets	\$ 4,848,685	\$ (135,930)	\$ 0	\$ 4,712,755
	<hr/>	<hr/>	<hr/>	<hr/>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

Depreciation for the fiscal year ended June 30, 2006 amounted to \$231,954. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Long-Term Debt

The following is a summary of the general long-term debt transactions for the District for the year ended June 30, 2006:

	SERIAL BONDS PAYABLE	ACCRUED EXPENSES	EARLY RETIREMENT INCENTIVE	TOTAL
Long-Term Debt at - Beginning of Year	\$ 1,510,000	\$ 54,623	\$ 45,000	\$ 1,609,623
Increases in Debt	0	25,592	0	25,592
Decreases in Debt	(190,000)	0	(45,000)	(235,000)
Long-Term Debt at - End of Year	\$ 1,320,000	\$ 80,215	\$ 0	\$ 1,400,215
Less Current Portion	(195,000)	0	0	(195,000)
Total Due After One Year	\$ 1,125,000	\$ 80,215	\$ 0	\$ 1,205,215

At June 30, 2006, the School's Long-Term Debt consisted of the following:

Serial Bonds Payable

2003 School Refunding Bonds Due in Annual Installments of
\$180,000 to \$195,000 through May 1, 2013, Interest at 2.75% to 4.00% \$ 1,320,000

Accumulated Sick Pay 80,215

TOTAL LONG-TERM DEBT \$ 1,400,215

The annual requirements to amortize all debt outstanding as of June 30, 2006, including interest payments of \$190,234 are as follows:

YEAR ENDING JUNE 30,	Serial Bonds		Amounts Payable
	Principal	Interest	
2007	\$ 195,000	\$ 45,294	\$ 240,294
2008	195,000	39,932	234,932

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

YEAR ENDING JUNE 30,	Serial Bonds		Amounts
	Principal	Interest	Payable
2009	195,000	34,082	229,082
2010	190,000	27,988	217,988
2011	185,000	21,338	206,338
2011-2013	360,000	21,600	381,600
	\$ 1,320,000	\$ 190,234	\$ 1,500,234
Accumulated Sick Pay	80,215	0	80,215
	<u>\$ 1,400,215</u>	<u>\$ 190,234</u>	<u>\$ 1,590,449</u>

The annual requirements to amortize the accumulated sick pay is uncertain because it is unknown when the payments will be made.

E. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables as shown in the individual fund financial statements at June 30, 2006, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 7,112	\$ 9,074
School Service Fund - Food Service	0	1,142
School Service Fund - Athletic	0	796
1992 Capital Projects	9,035	0
Debt Retirement	39	0
Agency Fund	1,938	7,112
	<u>\$ 18,124</u>	<u>\$ 18,124</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2006 are expected to be repaid within one year.

Interfund transfers are as shown in the individual fund financial statements at June 30, 2006, were:

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 0	\$ 165,968
School Service Fund - Food Service	47,003	0
School Service Fund - Athletic	118,965	0
	<u>\$ 165,968</u>	<u>\$ 165,968</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers are used to move unrestricted General Fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies. The General Fund transfers to the Food Service Fund and Athletic Fund were to subsidize operations.

F. Interest Income and Expense

Interest income and expense for the year ended June 30, 2006 is as follows:

<u>FUND</u>	<u>INTEREST</u>	
	<u>INCOME</u>	<u>EXPENSE</u>
General Fund	\$ 32,748	\$ 0
School Special Funds		
Food Service Fund	197	0
Athletic Activities Fund	188	0
Debt Retirement Fund	4,838	49,094
Capital Projects Funds		
1989 Capital Projects Fund	1,669	0
1992 Capital Projects Fund	12,511	0
1993 Capital Projects Fund	6,708	0
Trust and Agency Funds		
Expendable Trust Fund	377	0
	<u>\$ 59,236</u>	<u>\$ 49,094</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Central Lake Public Schools contributes to the Michigan Public School Employees Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Michigan Department of Management and Budget, Office of Retirement Systems. General oversight of the retirement system resides with the MPERS' board. MPERS provides retirement and disability and survivor benefits with annual 3% increases in pensions of members who are in the Member Investment Plan. With certain exceptions, pension recipients are also eligible for Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage. Benefits are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Office of Retirement Systems, Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling 1-517-322-5103.

Employees first hired before January 1, 1990, could make a one-time irrevocable election to contribute to the Member Retirement Plan (MIP). Employees first hired on or after January 1, 1990, are automatically included in MIP. Employees in the MIP who were hired before January 1, 1990, contribute 3.9% of their salaries to the plan. Employees hired on or after that date contribute 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000. Central Lake Public Schools is required to contribute at an actuarially determined rate. During the year ended June 30, 2006, the District was required to contribute 14.87% of covered compensation for the first quarter and 16.34% of covered compensation for the last three quarters. The contribution requirements of plan members and Central Lake Public Schools are established and may be amended by the MPERS board. The District's contributions to the MPERS for the years ended June 30, 2006, 2005 and 2004 were \$363,403, \$342,613 and \$316,919 respectively, and were equal to the required contributions for each year.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers'

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

C. Single Audit Report

Federal rules were changed so that entities with federal expenditures less than \$500,000 are not required to have a single audit of federally funded programs. At June 30, 2006, the School District's expenditures from federally funded programs were less than \$500,000.

D. Community Foundation

On March 9, 1999, the Board of Education passed a resolution to participate in the Grand Traverse Regional Community Foundation and a Central Lake School District Fund was established. Contributions to the fund become the property of the foundation, held in its corporate capacity. Income earned by the fund is to be used, not to replace public financing, but to provide flexible funds to support, non-operational educational opportunities for the Central Lake School District. Net earnings of the fund shall be paid not more than twice a year or at a different schedule agreed upon by the fund's advisory committee and the foundation.

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS
<u>REVENUES</u>			
Local Sources	\$ 2,122,355	\$ 2,087,008	\$ 2,052,980
State Sources	1,594,377	1,530,043	1,528,287
Federal Sources	251,010	241,333	241,333
Other Transactions	268,087	371,860	371,161
Total Revenues	4,235,829	4,230,244	4,193,761
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	2,202,023	2,160,340	2,157,894
Added Needs	514,965	501,234	500,062
Supporting Services			
Pupil	211,627	212,363	209,841
Instructional Staff	206,776	208,891	208,826
General Administration	163,435	163,571	155,364
School Administration	190,691	219,420	217,748
Business	138,917	148,318	149,383
Operation and Maintenance	371,661	426,607	413,869
Pupil Transportation Services	202,316	203,345	198,264
Other Support Services	76,578	78,672	78,067
Community Activities	814	8,745	8,745
Custody and Care of Children	250	0	0
Other Transactions	54,900	101,319	96,690
Total Expenditures	4,334,953	4,432,825	4,394,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,124)	(202,581)	(200,992)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(178,014)	(168,656)	(165,968)
Net Change in Fund Balance	(277,138)	(371,237)	(366,960)
<u>FUND BALANCE</u> - Beginning of Year	659,078	659,078	659,078
<u>FUND BALANCE</u> - End of Year	\$ 381,940	\$ 287,841	\$ 292,118

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>
 <u>ASSETS</u>	
Cash	\$ 5,889
Accounts Receivable	610
Due from Other Governments	3,735
Inventory	<u>12,732</u>
 TOTAL ASSETS	 <u><u>\$ 22,966</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 34
Salaries Payable	128
Due to Other Funds	<u>1,938</u>
 Total Liabilities	 <u>\$ 2,100</u>
 <u>FUND BALANCES</u>	
Reserved for Inventory	\$ 12,732
Unreserved	
Designated for:	
Food Service	7,401
Athletic Activities	<u>733</u>
 Total Fund Balances	 <u>\$ 20,866</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 22,966</u></u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>
<u>REVENUES</u>	
Local Sources	\$ 72,930
State Sources	12,754
Federal Sources	<u>68,418</u>
Total Revenues	<u>\$ 154,102</u>
<u>EXPENDITURES</u>	
Food Service Activities	\$ 170,169
Athletic Activities	<u>149,683</u>
Total Expenditures	<u>\$ 319,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (165,750)</u>
<u>OTHER FINANCING SOURCES</u>	
Operating Transfers In	<u>\$ 165,968</u>
Net Change in Fund Balances	\$ 218
<u>FUND BALANCES</u> - Beginning of Year	<u>20,648</u>
<u>FUND BALANCES</u> - End of Year	<u><u>\$ 20,866</u></u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 6,612	\$ 5,196
Taxes Receivable	6,627	7,685
Accounts Receivable	11,038	895
Due from Other Funds	7,112	0
Due from Other Governments	263,847	327,732
Inventory	19,757	21,567
Investments	468,031	777,253
Prepaid Expenses	0	300
	<hr/>	<hr/>
TOTAL ASSETS	\$ 783,024	\$ 1,140,628
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 7,310	\$ 4,476
Accrued Expenses	111,674	116,512
Salaries Payable	278,169	296,996
Due to Other Funds	9,074	0
Deferred Revenue	84,679	63,566
	<hr/>	<hr/>
Total Liabilities	\$ 490,906	\$ 481,550
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 19,757	\$ 21,567
Prepaid Expenses	0	300
Unreserved		
Undesignated	272,361	637,211
	<hr/>	<hr/>
Total Fund Balance	\$ 292,118	\$ 659,078
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 783,024	\$ 1,140,628
	<hr/>	<hr/>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 2,087,008	\$ 2,052,980	\$ 1,915,290
State Sources	1,530,043	1,528,287	1,877,476
Federal Sources	241,333	241,333	155,896
Incoming Transfers and Other Transactions	371,860	371,161	313,848
Total Revenues	<u>\$ 4,230,244</u>	<u>\$ 4,193,761</u>	<u>\$ 4,262,510</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	\$ 936,833	\$ 934,328	\$ 847,981
Secondary	1,144,100	1,144,490	1,185,536
Pre-School	79,348	79,053	117,113
Driver Education	59	23	5,355
Added Needs			
Special Education	325,372	324,101	308,728
Compensatory Education	0	0	6,118
Career Education	175,862	175,961	177,528
School Age Child Care	0	0	13,343
Supporting Services			
Pupil			
Guidance Services	180,682	180,806	174,214
Health Services	777	777	468
Other Pupil Services	30,904	28,258	36,404
Instructional Staff			
Curriculum	117,175	117,175	1,478
Educational Media Services	91,716	91,651	95,231
General Administration			
Board of Education	38,094	30,547	33,295
Executive Administration	125,477	124,817	118,113

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal	219,420	217,748	300,660
Business			
Fiscal Services	100,096	99,116	90,054
Other Business Services	48,222	50,267	38,547
Operation and Maintenance	426,607	413,869	361,982
Pupil Transportation Services	203,345	198,264	179,407
Other Support Services			
Support Services	78,672	78,067	69,988
Community Activities	8,745	8,745	468
Other Transactions	101,319	96,690	58,247
Total Expenditures	\$ 4,432,825	\$ 4,394,753	\$ 4,220,258
Excess (Deficiency) of Revenues Over Expenditures	\$ (202,581)	\$ (200,992)	\$ 42,252
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(168,656)	(165,968)	(117,583)
Net Change in Fund Balance	\$ (371,237)	\$ (366,960)	\$ (75,331)
<u>FUND BALANCE</u> - Beginning of Year	659,078	659,078	734,409
<u>FUND BALANCE</u> - End of Year	\$ 287,841	\$ 292,118	\$ 659,078

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 2,008,319	\$ 1,971,869
Earnings on Investments and Deposits	30,600	32,748
Community Service Activities	11,000	8,745
Miscellaneous		
Rent	16,320	16,320
Private Sources - NMHSA	10,269	10,269
Other Miscellaneous	10,500	13,029
	<hr/>	<hr/>
Total Local Sources	\$ 2,087,008	\$ 2,052,980
	<hr/>	<hr/>
<u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
Foundation Allowance	\$ 1,350,721	\$ 1,348,965
Grants-In-Aid Restricted		
State School Aid		
Special Education	107,019	107,019
At Risk	72,303	72,303
	<hr/>	<hr/>
Total State Sources	\$ 1,530,043	\$ 1,528,287
	<hr/>	<hr/>
<u>FEDERAL SOURCES</u>		
Grant-In-Aid Restricted		
Title I	\$ 62,554	\$ 62,554
Title II, part A	26,802	26,802
Title II, part D	1,373	1,373
Title V, part A	401	401
REAP-Rural Education	26,909	26,909
RLTC Educator on Loan	116,797	116,797
Self-Review Focus Monitoring	3,760	3,760
Drug Free Schools	75	75
Homeland Security Grant	2,662	2,662
	<hr/>	<hr/>
Total Federal Sources	\$ 241,333	\$ 241,333
	<hr/>	<hr/>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>INCOMING TRANSFERS AND OTHER TRANSACTIONS</u>		
Transfers from Other School Districts		
Intermediate School District		
Medicaid Reimbursement	\$ 538	\$ 538
Substitute Reimbursement	1,678	1,678
Vocational Education	188,103	188,103
Vocational Education Added Costs	16,262	16,262
Salary Reimbursements	120	120
Special Education Reimbursements	103,771	103,771
Transition Grant	1,000	1,000
Transportation	423	423
Other Local Districts		
Salary Reimbursements	53,448	54,389
Refunds and Reimbursements	3,166	1,526
Sale of School Property	3,351	3,351
Total Incoming Transfers and Other Transactions	<u>\$ 371,860</u>	<u>\$ 371,161</u>
TOTAL REVENUES	<u><u>\$ 4,230,244</u></u>	<u><u>\$ 4,193,761</u></u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries		
Teachers	\$ 471,223	\$ 472,083
Teachers - At Risk	10,207	10,207
Teachers - Title I	27,503	27,503
Teachers - Title II	13,878	13,878
Teachers - REAP	16,503	16,503
Professional Development	2,300	2,201
Substitutes	500	462
Aides - At Risk	8,829	8,829
Aides - Title I	12,111	12,111
Sick Leave Payoff	1,000	750
Employee Benefits		
Health and Life Insurance	166,741	164,288
Prescription Reimbursement	600	566
Deductible Reimbursement	800	800
Early Retirement Incentive	15,000	15,000
Tuition	10,100	10,024
Retirement	91,276	91,417
Annuity in Lieu of Health	11,329	11,329
Social Security	43,746	43,793
Worker's Compensation	139	139
Unemployment Compensation	4,888	4,888
Purchased Service		
Travel and Expense	100	32
Workshops and Conferences	100	50
Repairs	6,255	6,209
Pupil Instructional Services	8,077	8,077
Supplies and Materials		
Teaching Supplies	7,700	7,661
Textbooks	3,550	3,506
Office Supplies	2,200	1,874
Other Supplies and Materials	128	128

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Other Expense		
Miscellaneous	50	20
Total Elementary	\$ 936,833	\$ 934,328
<u>Secondary</u>		
Salaries		
Teachers	\$ 680,984	\$ 680,984
Professional Development	2,850	2,833
Substitutes	2,773	2,773
Sick Leave Payoff	1,000	1,000
Employee Benefits		
Health and Life Insurance	150,516	150,184
Prescription Reimbursement	1,600	1,565
Deductible Reimbursement	1,769	1,705
Early Retirement Incentive	30,000	30,000
Tuition	1,737	2,537
Retirement	97,293	97,293
Social Security	53,761	53,702
Annuity in Lieu of Health	70,234	70,234
Worker's Compensation	195	195
Unemployment Compensation	0	325
Purchased Services		
Instructional Services	6,979	6,979
Travel and Expense	550	583
Workshops and Conferences	2,100	2,035
Repairs	4,900	4,824
Supplies and Materials		
Postage	50	27
Teaching Supplies	26,372	26,234
Textbooks	1,980	1,971
Office Supplies	1,800	1,864
Other Supplies and Materials	4,501	4,487
Other Expense		
Dues and Fees	66	66
Miscellaneous	90	90
Total Secondary	\$ 1,144,100	\$ 1,144,490

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Pre-School</u>		
Salaries		
Aides	\$ 9,349	\$ 9,349
Employee Benefits		
Health and Life Insurance	6,288	6,288
Reimbursement for Employee Physicals	273	273
Retirement	1,513	1,513
Social Security	604	604
Worker's Compensation	10	10
Other Benefits	85	85
Purchased Services		
Instructional Services	54,959	54,741
Travel	800	779
Supplies and Materials		
Postage	98	98
Teaching Supplies	3,301	3,245
Capital Outlay		
Equipment	2,018	2,018
Other Expense		
Dues and Fees	50	50
Total Pre-School	<u>\$ 79,348</u>	<u>\$ 79,053</u>

Driver Education

Supplies and Materials		
Gas, Oil and Grease	<u>\$ 59</u>	<u>\$ 23</u>

Added Needs

Special Education

Salaries		
Teachers	\$ 165,925	\$ 165,925
Aides	25,660	25,660
Substitutes	1,572	1,572
Employee Benefits		
Health and Life Insurance	71,803	70,532
Medical Reimbursement	399	399
Retirement	30,555	30,555
Tuition	2,011	2,011

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Social Security	14,821	14,821
Annuity in Lieu of Health	6,484	6,484
Worker's Compensation	44	44
Unemployment Compensation	639	639
Purchased Services		
Instructional Services	3,990	3,990
Supplies and Materials		
Teaching Supplies	1,469	1,469
Total Special Education	\$ 325,372	\$ 324,101
<u>Career Education</u>		
Salaries		
Teacher - CAD	\$ 38,416	\$ 38,416
Teacher - Business	38,965	38,965
Teacher - Support Services	11,000	11,000
Aides	382	382
Substitutes	120	120
Employee Benefits		
Health and Life Insurance	23,485	23,408
Prescription Reimbursement	67	67
Deductible Reimbursement	200	400
Retirement	12,587	12,587
Social Security	6,772	6,772
Tuition	239	239
Worker's Compensation	21	21
Annuity in Lieu of Health	12,005	12,005
Purchased Services		
Instructional Services	1,310	1,310
Travel Expense	500	466
Workshops and Conferences	459	459
Repairs	429	429
Supplies and Materials		
Supplies	4,343	4,353
Textbooks	906	906
Capital Outlay		
Equipment	23,606	23,606

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Other Expense		
Dues and Fees	50	50
Total Career Education	\$ 175,862	\$ 175,961

SUPPORTING SERVICES

Pupil

Guidance Services

Salaries

Counseling	\$ 61,507	\$ 61,507
Secretary	21,393	22,265
Substitutes	522	522
School to Work	18,146	18,146
Overtime Wages	239	239

Employee Benefits

Health and Life Insurance	19,775	19,519
Prescription Reimbursement	55	84
Retirement	16,048	16,190
Social Security	7,788	7,855
Worker's Compensation	27	27

Purchased Services

Travel and Expense	169	169
Workshops and Conferences	371	371
Repairs	350	350
Other Professional Services	29,419	29,419
Substitutes	190	190

Supplies and Materials

Postage	885	1,431
Counselor Supplies	600	525
Office Supplies	800	741

Capital Outlay

Equipment	2,283	1,141
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Other Expenses

Due and Fees	115	115
Total Guidance Services	\$ 180,682	\$ 180,806

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Health Services</u>		
Purchased Services		
Workshops and Conferences	\$ 300	\$ 300
Substance Abuse Evaluations	75	75
Supplies and Materials	402	402
Total Health Services	<u>\$ 777</u>	<u>\$ 777</u>
 <u>Other Pupil Services</u>		
Salaries		
Class and Organization Advisors	\$ 22,262	\$ 20,706
Employee Benefits		
Retirement	3,638	2,675
Social Security	1,703	1,576
Worker's Compensation	6	6
Other Expense	3,295	3,295
Total Other Pupil Services	<u>\$ 30,904</u>	<u>\$ 28,258</u>
 <u>Instructional Staff</u>		
<u>Curriculum</u>		
Salaries		
Reading First Consultant	\$ 75,965	\$ 75,965
Employee Benefits		
Health Insurance	19,153	19,153
Prescription Reimbursement	237	237
Tuition	3,850	3,850
Retirement	12,180	12,180
Social Security	5,773	5,773
Worker's Compensation	17	17
Total Curriculum	<u>\$ 117,175</u>	<u>\$ 117,175</u>
 <u>Educational Media Services</u>		
Salaries		
Librarians		
Secondary	\$ 58,567	\$ 58,567
Employee Benefits		
Health and Life Insurance	16,013	16,013
Prescription Reimbursement	237	237

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Deductible Reimbursement	200	200
Retirement	9,504	9,504
Social Security	4,480	4,480
Purchased Services		
Instructional Services	407	407
Supplies and Materials		
Library Books		
Secondary	700	674
Periodicals		
Elementary	627	627
Secondary	831	831
Other Supplies and Materials		
Elementary	100	76
Secondary	50	35
Total Educational Media Services	<u>\$ 91,716</u>	<u>\$ 91,651</u>

General Administration

Board of Education

Salaries		
Board Members	\$ 1,000	\$ 1,000
Secretarial/Clerical	335	335
Employee Benefits		
Retirement	51	51
Social Security	25	25
Worker's Compensation	17	17
Purchased Services		
Management Services	1,600	1,336
Legal Services	5,000	3,200
Audit Services	11,000	9,250
Travel and Expense	96	334
Printing and Publishing	3,000	1,372
Workshops and Conferences	104	104
Elections	4,000	1,719
Postage	700	1,113
Other Purchased Services	1,500	1,197

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Supplies and Materials		
Office Supplies	1,000	847
Other Expenses		
Dues and Fees	5,466	5,466
Miscellaneous	3,200	3,181
Total Board of Education	<u>\$ 38,094</u>	<u>\$ 30,547</u>

Executive Administration

Salaries		
Superintendent	\$ 86,683	\$ 86,683
Employee Benefits		
Health and Life Insurance	1,872	1,872
Social Security	7,201	7,201
Retirement	15,448	15,448
Worker's Compensation	21	21
Annuity	11,854	11,854
Purchased Services		
Travel and Expense	900	477
Workshops and Conferences	125	125
Postage	400	351
Supplies and Materials		
Office Supplies	400	212
Other Expense		
Dues and Fees	557	557
Miscellaneous	16	16
Total Executive Administration	<u>\$ 125,477</u>	<u>\$ 124,817</u>

School Administrative Services

Office of the Principal

Salaries		
School Direction and Management		
Secondary	\$ 66,751	\$ 66,751
Secretarial - Clerical		
Elementary	18,648	18,436
Secondary	25,547	25,705
Substitutes	2,347	2,347
Overtime	475	475

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Employee Benefits		
Health and Life Insurance	44,976	43,764
Retirement	7,531	7,389
Social Security	8,832	8,675
Worker's Compensation	42	42
Unemployment	364	364
Annuity in Lieu of Health	39,817	39,817
Purchased Services		
Travel and Expense	500	191
Workshops and Conferences	900	349
Supplies and Materials		
Postage	2,040	2,820
Miscellaneous Supplies	100	73
Other Expense		
Dues and Fees	550	550
Total Office of the Principal	<u>\$ 219,420</u>	<u>\$ 217,748</u>

Business

Fiscal Services

Salaries		
Business Manager	\$ 17,895	\$ 17,895
Substitutes	517	517
Employee Benefits		
Health and Life Insurance	6,809	6,809
Retirement	2,348	2,348
Social Security	1,396	1,396
Worker's Compensation	22	22
Purchased Services		
Unemployment Consultant	1,500	1,455
ISD - Business Services	55,000	55,000
Repairs	400	384
Professional and Technical Services	5,800	5,605
Supplies and Materials		
Office Supplies	4,029	3,677

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Other Expense		
Dues and Fees	680	680
Miscellaneous Expense	3,700	3,328
Total Fiscal Services	\$ 100,096	\$ 99,116
<u>Other Business Services</u>		
Purchased Services		
Insurance	\$ 25,117	\$ 25,071
Student Insurance	12,388	12,388
Bonding	717	717
Other Expenses		
Taxes Abated and Chargebacks	7,000	3,056
Interest on Debt	3,000	9,035
Total Other Business Services	\$ 48,222	\$ 50,267
<u>Operation and Maintenance</u>		
Salaries		
Custodians	\$ 128,816	\$ 128,864
Substitutes	2,398	2,398
Employee Benefits		
Health and Life Insurance	38,520	38,297
Reimbursement for Employee Physicals	237	237
Retirement	20,484	20,401
Social Security	10,075	10,010
Worker's Compensation	432	432
Purchased Services		
Travel and Expense	6	6
Workshops and Conferences	266	266
Communication	19,620	18,743
Utility Services		
Heating Fuel	63,341	60,086
Electricity	51,458	50,503
Water	1,206	1,182
Waste and Trash Disposal	2,673	2,470
Sewer Service	3,012	3,012
Insurance - Vehicle	1,379	1,379

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Repairs and Maintenance Services		
Land and Buildings	18,355	17,084
Equipment	32,400	31,241
Snow Removal and Lawn Care	5,196	5,196
Rent	340	317
Supplies and Materials		
Gasoline, Oil and Grease	1,450	947
Tires, Tubes and Batteries	69	0
Vehicle Repair Parts	323	258
Custodial Supplies	21,750	18,988
Grounds Supplies	1,500	832
Building Supplies	610	296
Miscellaneous Supplies	375	90
Other Expenses		
Dues and Fees	316	334
Total Operation and Maintenance	<u>\$ 426,607</u>	<u>\$ 413,869</u>
<u>Pupil Transportation Services</u>		
Salaries		
Crafts or Trades - Mechanic	\$ 20,992	\$ 20,992
Vehicle Operation - Bus Drivers	47,933	47,933
Substitute Drivers	5,422	5,422
Extra Trips	10,916	10,916
Bus Washes	881	881
Secretarial - Clerical	3,611	3,611
Employee Benefits		
Health and Life Insurance	60,912	57,132
Retirement	13,436	13,436
Social Security	6,127	6,127
Worker's Compensation	241	241
Other Benefit	200	200
Purchased Services		
Travel and Expense	850	431
Workshops and Conferences	300	520
Pupil Transportation	285	285

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Communication	144	94
Physicals	592	592
Insurance	3,799	3,799
Repair and Maintenance	200	150
Drug Testing Fees	272	272
Supplies and Materials		
Gasoline, Oil and Grease	18,200	17,866
Tires, Tubes and Batteries	700	318
Vehicle Repair Parts	6,500	6,357
Other Supplies and Materials	350	295
Other Expenses		
Dues and Fees	282	282
Miscellaneous	200	112
Total Pupil Transportation Services	<u>\$ 203,345</u>	<u>\$ 198,264</u>

Support Services

Salaries		
Technology Coordinator	\$ 45,244	\$ 45,244
Aide	500	500
Employee Benefits		
Health and Life Insurance	19,154	19,154
Retirement	7,474	7,297
Social Security	3,500	3,457
Worker's Compensation	10	10
Purchased Services		
Workshops and Conferences	400	190
Supplies and Materials		
Technology Supplies	616	441
Supplies - Title V	401	401
Other Expenses		
Dues and Fees	1,373	1,373
Total Support Services	<u>\$ 78,672</u>	<u>\$ 78,067</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>COMMUNITY SERVICES</u>		
Community Activities		
Salaries		
Community Recreation	\$ 6,890	\$ 6,890
Employee Benefits		
Retirement	1,126	1,126
Social Security	527	527
Supplies and Materials		
Other Supplies and Materials	202	202
Total Community Activities	<u>\$ 8,745</u>	<u>\$ 8,745</u>
 <u>OTHER TRANSACTIONS</u>		
Transfers to Other Governmental Units		
Intermediate School District		
Tuition	\$ 2,612	\$ 2,612
Tuition - Dual Enrollment	17,407	17,407
Alternative Education	81,300	76,671
Total Other Transactions	<u>\$ 101,319</u>	<u>\$ 96,690</u>
 Total Expenditures	<u>\$ 4,432,825</u>	<u>\$ 4,394,753</u>
 <u>OTHER FINANCING USES</u>		
Transfers Out		
School Service Funds		
Food Service	\$ 48,381	\$ 47,003
Athletic Activities	120,275	118,965
Total Other Finances Uses	<u>\$ 168,656</u>	<u>\$ 165,968</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 4,601,481</u></u>	<u><u>\$ 4,560,721</u></u>

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2006	2005
<u>ASSETS</u>				
Cash	\$ 4,808	\$ 1,081	\$ 5,889	\$ 11,359
Accounts Receivable	0	610	610	1,220
Due from Other Governments	3,735	0	3,735	0
Inventory	12,732	0	12,732	8,069
TOTAL ASSETS	\$ 21,275	\$ 1,691	\$ 22,966	\$ 20,648
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 34	\$ 34	\$ 0
Salaries Payable	0	128	128	0
Due to Other Funds	1,142	796	\$ 1,938	\$ 0
Total Liabilities	\$ 1,142	\$ 958	\$ 2,100	\$ 0
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 12,732	\$ 0	\$ 12,732	\$ 8,069
Unreserved				
Designated for:				
Food Service	7,401	0	7,401	5,885
Athletic Activities	0	733	733	6,694
Total Fund Balance	\$ 20,133	\$ 733	\$ 20,866	\$ 20,648
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,275	\$ 1,691	\$ 22,966	\$ 20,648

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2006	2005
<u>REVENUES</u>				
Local Sources	\$ 48,173	\$ 24,757	\$ 72,930	\$ 81,209
State Sources	12,754	0	12,754	12,648
Federal Sources	68,418	0	68,418	72,254
Total Revenues	\$ 129,345	\$ 24,757	\$ 154,102	\$ 166,111
<u>EXPENDITURES</u>				
Salaries	\$ 52,389	\$ 85,902	\$ 138,291	\$ 124,724
Employee Benefits	36,726	28,142	64,868	48,052
Purchased Services	5,503	19,068	24,571	24,645
Supplies and Materials	73,607	11,132	84,739	89,315
Capital Outlay	0	0	0	747
Other Expenses	1,944	5,439	7,383	5,233
Total Expenditures	\$ 170,169	\$ 149,683	\$ 319,852	\$ 292,716
Excess (Deficiency) of Revenues Over Expenditures	\$ (40,824)	\$ (124,926)	\$ (165,750)	\$ (126,605)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	47,003	118,965	165,968	117,583
Net Change in Fund Balance	\$ 6,179	\$ (5,961)	\$ 218	\$ (9,022)
<u>FUND BALANCE</u> - Beginning of Year	13,954	6,694	20,648	29,670
<u>FUND BALANCE</u> - End of Year	\$ 20,133	\$ 733	\$ 20,866	\$ 20,648

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2006	2005
<u>ASSETS</u>		
Cash	\$ 4,808	\$ 5,885
Due from Other Governments	3,735	0
Inventory	12,732	8,069
TOTAL ASSETS	<u>\$ 21,275</u>	<u>\$ 13,954</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	<u>\$ 1,142</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 12,732	\$ 8,069
Unreserved		
Designated for Food Service	<u>7,401</u>	<u>5,885</u>
Total Fund Balance	<u>\$ 20,133</u>	<u>\$ 13,954</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 21,275</u>	<u>\$ 13,954</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Children Meals	\$ 42,106	\$ 42,812	\$ 52,135
Adult Meals	4,846	4,846	3,171
Earnings on Investment and Deposits	204	197	153
Miscellaneous Revenue	1,000	318	319
State Sources			
State Aid - Section 31D	7,021	7,021	6,121
State Aid - Other	5,733	5,733	6,527
Federal Sources			
Federal Aid	57,759	57,759	59,039
U.S.D.A. Donated Entitlement Commodities	9,274	8,607	8,546
U.S.D.A. Donated Bonus Commodities	2,200	2,052	4,669
Total Revenues	<u>\$ 130,143</u>	<u>\$ 129,345</u>	<u>\$ 140,680</u>
<u>EXPENDITURES</u>			
Salaries			
Supervisor	\$ 19,399	\$ 19,238	\$ 0
Cooks and Assistants	27,100	27,100	39,104
Aides	4,665	4,665	6,880
Substitute Cooks	999	999	1,349
Student Labor	387	387	894
Employee Benefits			
Health and Life Insurance	24,353	24,353	17,864
Retirement	8,433	8,416	6,971
Worker's Compensation	140	140	149
Social Security	3,851	3,817	3,498
Purchased Services			
Audit	350	350	350
Repairs	4,923	4,923	2,803

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Workshops and Conferences	230	230	0
Supplies and Materials			
Food Purchases	55,000	51,130	55,336
U.S.D.A. Delivery	3,859	3,859	4,052
U.S.D.A. Donated Commodities	11,474	10,659	13,272
Postage	48	77	0
Office Supplies	777	777	0
Other Supplies	7,274	7,105	6,364
Capital Outlay			
Equipment	0	0	314
Other Expenses			
Lunch Wagon Expense	706	706	371
Miscellaneous	1,239	1,238	0
Total Expenditures	<u>\$ 175,207</u>	<u>\$ 170,169</u>	<u>\$ 159,571</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,064)	\$ (40,824)	\$ (18,891)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	48,381	47,003	7,100
Net Change in Fund Balance	\$ 3,317	\$ 6,179	\$ (11,791)
<u>FUND BALANCE</u> - Beginning of Year	<u>13,954</u>	<u>13,954</u>	<u>25,745</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 17,271</u>	<u>\$ 20,133</u>	<u>\$ 13,954</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 1,081	\$ 5,474
Accounts Receivable	610	1,220
TOTAL ASSETS	<u>\$ 1,691</u>	<u>\$ 6,694</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 34	\$ 0
Salaries Payable	128	0
Due to Other Funds	796	0
Total Liabilities	<u>\$ 958</u>	<u>\$ 0</u>
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	733	6,694
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,691</u>	<u>\$ 6,694</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 22,857	\$ 22,857	\$ 25,001
Earnings on Investments and Deposits	193	188	120
Cooperative Sports	1,127	517	0
Miscellaneous	1,195	1,195	310
Total Revenues	<u>\$ 25,372</u>	<u>\$ 24,757</u>	<u>\$ 25,431</u>
<u>EXPENDITURES</u>			
Salaries			
Athletic Director	\$ 2,118	\$ 2,118	\$ 1,990
Coaches	74,466	74,466	70,653
Secretary	9,215	9,318	3,854
Employee Benefits			
Health and Life Insurance	7,955	7,955	2,737
Worker's Compensation	54	54	16
Retirement	13,561	13,578	10,998
Social Security	6,513	6,521	5,819
Unemployment	34	34	0
Purchased Services			
Officials	10,055	10,055	10,185
Conferences	380	380	192
Travel Expense	1,600	1,535	1,151
Game Workers	1,625	1,625	2,330
Game Supervisors	800	800	0
Dues and Fees	3,669	3,669	4,721
Purchased Services	0	0	2,913
Field Maintenance	1,004	1,004	0

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Supplies and Materials			
Athletic Supplies	10,036	9,534	9,546
Awards	951	926	745
Office Supplies	655	672	0
Other Expenses			
Tournament Expense	2,502	2,502	4,617
Miscellaneous Expense	611	590	245
Cooperative Sports	2,347	2,347	0
Capital Outlay	0	0	433
Total Expenditures	<u>\$ 150,151</u>	<u>\$ 149,683</u>	<u>\$ 133,145</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (124,779)	\$ (124,926)	\$ (107,714)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	<u>120,275</u>	<u>118,965</u>	<u>110,483</u>
Net Change in Fund Balance	\$ (4,504)	\$ (5,961)	\$ 2,769
<u>FUND BALANCE</u> - Beginning of Year	<u>6,694</u>	<u>6,694</u>	<u>3,925</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 2,190</u>	<u>\$ 733</u>	<u>\$ 6,694</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Taxes Receivable	\$ 886	\$ 941
Due from Other Funds	39	0
Investments	<u>174,258</u>	<u>118,933</u>
 TOTAL ASSETS	 <u>\$ 175,183</u>	 <u>\$ 119,874</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
 <u>FUND BALANCE</u>		
Reserved for Debt Retirement	<u>175,183</u>	<u>119,874</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 175,183</u>	 <u>\$ 119,874</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

DEBT RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Tax Levy	\$ 315,014	\$ 287,784	\$ 287,538
Earnings on Investments and Deposits	4,300	4,838	2,289
Miscellaneous	0	677	0
State Sources			
Payments in Lieu of Taxes			
Commercial Forest Reserve	722	1,329	41
Total Revenues	<u>\$ 320,036</u>	<u>\$ 294,628</u>	<u>\$ 289,868</u>
<u>EXPENDITURES</u>			
Redemption of Bonds	\$ 190,000	\$ 190,000	\$ 185,000
Interest on Debt	49,094	49,094	52,794
Dues and Fees	225	225	225
Miscellaneous	10	0	0
Total Expenditures	<u>\$ 239,329</u>	<u>\$ 239,319</u>	<u>\$ 238,019</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,707	\$ 55,309	\$ 51,849
<u>FUND BALANCE</u> - Beginning of Year	<u>220,762</u>	<u>119,874</u>	<u>68,025</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 301,469</u>	<u>\$ 175,183</u>	<u>\$ 119,874</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTAL AMOUNTS FOR JUNE 30, 2005

	1989 CAPITAL PROJECTS	1992 CAPITAL PROJECTS	1993 CAPITAL PROJECTS
<u>ASSETS</u>			
Due from Other Funds	\$ 0	\$ 9,035	\$ 0
Investments	60,904	399,261	230,913
Total Assets	<u>\$ 60,904</u>	<u>\$ 408,296</u>	<u>\$ 230,913</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>			
Unreserved			
Undesignated	60,904	408,296	230,913
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 60,904</u>	<u>\$ 408,296</u>	<u>\$ 230,913</u>

TOTAL	
2006	2005
<hr/>	
\$ 9,035	\$ 0
691,078	761,483
<hr/>	
\$ 700,113	\$ 761,483
<hr/> <hr/>	

\$ 0	\$ 17,591
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700,113	743,892
<hr/>	
\$ 700,113	\$ 761,483
<hr/> <hr/>	

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	1989 CAPITAL PROJECTS	1992 CAPITAL PROJECTS	1993 CAPITAL PROJECTS
<u>REVENUES</u>			
Local Sources	\$ 20,566	\$ 12,511	\$ 6,708
<u>EXPENDITURES</u>			
Purchased Services	\$ 3,004	\$ 300	\$ 300
Capital Outlay	20,867	4,512	54,581
Total Expenditures	\$ 23,871	\$ 4,812	\$ 54,881
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,305)	\$ 7,699	\$ (48,173)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 0	\$ 0
Operating Transfers Out	0	0	0
Total Other Financing Sources Uses	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (3,305)	\$ 7,699	\$ (48,173)
<u>FUND BALANCE</u> - Beginning of Year	64,209	400,597	279,086
<u>FUND BALANCE</u> - End of Year	\$ 60,904	\$ 408,296	\$ 230,913

TOTAL	
2006	2005
\$ 39,785	\$ 169,177
\$ 3,604	\$ 25,089
79,960	660,182
\$ 83,564	\$ 685,271
\$ (43,779)	\$ (516,094)
\$ 0	\$ 255,000
0	(255,000)
\$ 0	\$ 0
\$ (43,779)	\$ (516,094)
743,892	1,259,986
\$ 700,113	\$ 743,892

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

1989 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Investments	\$ 60,904	\$ 81,800
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Construction Retainage	\$ 0	\$ 17,591
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>60,904</u>	<u>64,209</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 60,904</u>	<u>\$ 81,800</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

1989 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 1,800	\$ 1,669	\$ 3,911
Contributions From Private Sources	0	0	149,194
Sale of Timber	18,897	18,897	0
Total Revenues	\$ 20,697	\$ 20,566	\$ 153,105
<u>EXPENDITURES</u>			
Purchased Services			
Architectural Fees	\$ 400	\$ 2,504	\$ 22,648
Professional Fees	300	500	1,841
Capital Outlay			
Land, Building and Equipment	39,035	20,867	632,635
Total Expenditures	\$ 39,735	\$ 23,871	\$ 657,124
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,038)	\$ (3,305)	\$ (504,019)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In			
1992 Capital Projects Fund	0	0	255,000
Net Change in Fund Balance	\$ (19,038)	\$ (3,305)	\$ (249,019)
<u>FUND BALANCE</u> - Beginning of Year	64,288	64,209	313,228
<u>FUND BALANCE</u> - End of Year	\$ 45,250	\$ 60,904	\$ 64,209

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

1992 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Due from Other Funds	\$ 9,035	\$ 0
Investments	<u>399,261</u>	<u>400,597</u>
Total Assets	<u><u>\$ 408,296</u></u>	<u><u>\$ 400,597</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
 <u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>408,296</u>	<u>400,597</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 408,296</u></u>	<u><u>\$ 400,597</u></u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

1992 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
<u>REVENUES</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Local Sources			
Earnings on Investments and Deposits	\$ 6,500	\$ 12,511	\$ 10,411
<u>EXPENDITURES</u>			
Purchased Services			
Professional Fees	\$ 300	\$ 300	\$ 300
Capital Outlay			
Equipment	4,512	4,512	27,547
Total Expenditures	\$ 4,812	\$ 4,812	\$ 27,847
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,688	\$ 7,699	\$ (17,436)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers Out			
1989 Capital Projects Fund	0	0	(255,000)
Net Change in Fund Balance	\$ 1,688	\$ 7,699	\$ (272,436)
<u>FUND BALANCE</u> - Beginning of Year	400,597	400,597	673,033
<u>FUND BALANCE</u> - End of Year	\$ 402,285	\$ 408,296	\$ 400,597

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

1993 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Investments	\$ 230,913	\$ 279,086
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>230,913</u>	<u>279,086</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 230,913</u>	<u>\$ 279,086</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

1993 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 4,500	\$ 6,708	\$ 5,661
<u>EXPENDITURES</u>			
Purchased Services			
Professional Fees	\$ 300	\$ 300	\$ 300
Capital Outlay			
Equipment	54,581	54,581	0
Total Expenditures	\$ 54,881	\$ 54,881	\$ 300
Excess (Deficiency) of Revenues Over Expenditures	\$ (50,381)	\$ (48,173)	\$ 5,361
<u>FUND BALANCE</u> - Beginning of Year	279,086	279,086	273,725
<u>FUND BALANCE</u> - End of Year	\$ 228,705	\$ 230,913	\$ 279,086

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS

COMBINING BALANCE SHEET
JUNE 30, 2006

	PRIVATE PURPOSE TRUST FUND	AGENCY FUND	TOTALS
<u>ASSETS</u>			
Cash	\$ 14,603	\$ 55,911	\$ 70,514
Due from Other Funds	0	1,938	1,938
Total Assets	\$ 14,603	\$ 57,849	\$ 72,452
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Due to Groups and Organizations	\$ 0	\$ 50,737	\$ 50,737
Due to Other Funds	0	7,112	7,112
Total Liabilities	\$ 0	\$ 57,849	\$ 57,849
<u>NET ASSETS</u>			
Reserved for Trust Activities	14,603	0	14,603
TOTAL LIABILITIES AND NET ASSETS	\$ 14,603	\$ 57,849	\$ 72,452

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

THE CLAUDIA REID HICKMAN EXPENDABLE MEMORIAL EDUCATION FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 14,603	\$ 14,226
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>NET ASSETS</u>		
Reserved for Trust Activities	14,603	14,226
TOTAL LIABILITIES AND NET ASSETS	\$ 14,603	\$ 14,226

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

THE CLAUDIA REID HICKMAN EXPENDABLE MEMORIAL EDUCATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 377	\$ 141
<u>EXPENDITURES</u>	<u>0</u>	<u>0</u>
Change in Net Assets	\$ 377	\$ 141
<u>NET ASSETS</u> - Beginning of Year	<u>14,226</u>	<u>14,085</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 14,603</u></u>	<u><u>\$ 14,226</u></u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/06
Performing Arts	\$ 2,390	\$ 22,282	\$ 21,388	\$ 3,284
Art	(130)	1,123	1,070	(77)
Athletic Concession	2,595	48	395	2,248
Band	3,320	13,429	14,255	2,494
Band Aid Club	2,059	3,194	1,535	3,718
Board Revenues	1,606	2,012	50	3,568
Boys Basketball	1,972	2,242	3,964	250
Baseball	0	3,806	3,552	254
Cafeteria Pop	3,062	1,070	3,351	781
Cheerleaders - Varsity	88	3,165	2,647	606
Cheerleaders - Junior High	(235)	337	0	102
CL Citizens for Education	9	0	0	9
Class of 1996	0	150	0	150
Class of 2005	420	0	1	419
Class of 2006	2,095	400	1,498	997
Class of 2007	3,584	2,041	4,084	1,541
Class of 2008	0	3,400	0	3,400
Class of 2009	(16)	400	0	384
Cross Country	(562)	3,794	2,256	976
Drama	324	0	0	324
Drug Free Schools	(585)	0	0	(585)
Elementary Field Trips/CLX	288	260	0	548
Elementary Pop	1,360	1,257	373	2,244
Football	1,761	6,851	10,096	(1,484)
French Club	164	7,639	7,528	275
Genealogy Club	471	4,051	4,024	498
Grants	524	0	0	524
Girls Basketball	0	1,411	1,306	105
Journalism	(1,535)	5,703	2,326	1,842
Kids at Heart	91	0	0	91
Library	1,562	103	387	1,278
Lions Quest	75	0	0	75

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/06
Middle School Projects	3,073	18,521	20,759	835
Pepsi Fund	518	3,108	1,661	1,965
Post Prom Party	1,003	1,943	1,938	1,008
Principal Scholarship	0	4,800	0	4,800
Random Acts of Kindness	210	0	0	210
Revolving	142	12,037	9,227	2,952
Scholarships	2,865	0	0	2,865
Secretary's Decision	48	640	434	254
Senior Class Community Project	2,000	0	450	1,550
Softball	(331)	2,846	2,343	172
Student Council	1,708	1,346	1,860	1,194
Track	4,706	2,300	5,116	1,890
Volleyball	384	595	776	203
Wildfong Memorial Fund	(219)	219	0	0
	<u>\$ 42,864</u>	<u>\$ 138,523</u>	<u>\$ 130,650</u>	<u>\$ 50,737</u>

Represented by

Assets

Cash on Deposit

Commercial Account

\$ 42,864

\$ 55,911

Due from Other Funds

0

1,938

TOTAL ASSETS

\$ 42,864

\$ 57,849

Liabilities

Due to Groups

and Organizations

\$ 42,864

\$ 50,737

Due to Other Funds

0

7,112

TOTAL LIABILITIES

\$ 42,864

\$ 57,849

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

SCHEDULE OF 2005 TAX ROLL
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 MILLS)</u>				
ANTRIM COUNTY				
Banks Township	\$ 72,933	\$ 1,313	\$ 1,313	\$ 0
Central Lake Township	56,590,070	1,018,617	899,441	119,176
Echo Township	11,425,396	205,656	179,278	26,378
Jordan Township	300,885	5,416	3,992	1,423
Kearney Township	6,585	119	0	119
Torch Lake Township	41,151,239	740,720	682,534	58,186
Totals	\$ 109,547,108	\$ 1,971,841	\$ 1,766,558	\$ 205,282

DEBT RETIREMENT FUND (1.40 MILLS)

ANTRIM COUNTY				
Banks Township	\$ 485,184	\$ 679	\$ 619	\$ 60
Central Lake Township	108,409,150	151,773	135,795	15,978
Echo Township	22,303,945	31,223	27,223	4,000
Jordan Township	663,960	929	601	328
Kearney Township	21,030	29	20	9
Torch Lake Township	73,681,660	103,151	97,791	5,360
Totals	\$ 205,564,929	\$ 287,784	\$ 262,049	\$ 25,735

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

COMPARATIVE SCHEDULE OF INVESTMENTS
YEAR ENDED JUNE 30,

	<u>2006</u>		<u>2005</u>	
	<u>RATE</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>AMOUNT</u>
<u>GENERAL FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	<u>\$ 468,031</u>	2.25%	<u>\$ 777,253</u>
<u>DEBT RETIREMENT FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	<u>\$ 174,258</u>	1.50%	<u>\$ 118,933</u>
<u>1989 CAPITAL PROJECTS FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	<u>\$ 60,904</u>	1.50%	<u>\$ 81,800</u>
<u>1992 CAPITAL PROJECTS FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	<u>\$ 399,261</u>	2.25%	<u>\$ 400,597</u>
<u>1993 CAPITAL PROJECTS FUND</u>				
Alden State Bank				
Checking and Money Market Accounts	3.69%	<u>\$ 230,913</u>	2.25%	<u>\$ 279,086</u>

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 BOND PAYMENT SCHEDULE
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2003 Refunding Bonds (General Obligation - Unlimited Tax)		
<u>PURPOSE</u>	For the purpose of refunding the callable 1993 School Building and Site and Refunding Bonds of the District dated April 7, 1993 in the amount of \$1,885,000 which were due and payable May 1, 2004 through May 1, 2013.		
<u>DATE OF ISSUE</u>	September 16, 2003		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>	\$ 1,870,000		
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$ 360,000		
Redeemed During Current Year	<u>190,000</u>	<u>550,000</u>	
<u>BALANCE OUTSTANDING - June 30, 2006</u>		<u>\$ 1,320,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2006		\$ 22,647	\$ 22,647	
May 1, 2007	2.750%	217,647	22,647	\$ 195,000
November 1, 2007		19,966	19,966	
May 1, 2008	3.000%	214,966	19,966	195,000
November 1, 2008		17,041	17,041	
May 1, 2009	3.125%	212,041	17,041	195,000
November 1, 2009		13,994	13,994	
May 1, 2010	3.500%	203,994	13,994	190,000
November 1, 2010		10,669	10,669	

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 BOND PAYMENT SCHEDULE
JUNE 30, 2006

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2011	3.750%	195,669	10,669	185,000
November 1, 2011		7,200	7,200	
May 1, 2012	4.000%	187,200	7,200	180,000
November 1, 2012		3,600	3,600	
May 1, 2013	4.000%	183,600	3,600	180,000
		<u>\$ 1,510,234</u>	<u>\$ 190,234</u>	<u>\$ 1,320,000</u>

OPTIONAL REDEMPTION

The bonds are not subject to redemption prior to maturity.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 13, 2006

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Central Lake Public Schools
Central Lake, Michigan

We have audited the basic financial statements of the Central Lake Public Schools, Central Lake, Michigan, as of and for the year ended June 30, 2006, and have issued our report thereon dated July 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Central Lake Public Schools, Central Lake, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Lake Public Schools, Central Lake, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Central Lake Public Schools' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows:

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above, is not considered to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Central Lake Public Schools in a separate letter dated July 13, 2006.

This report is intended for the information of the Board of Education, management, the Michigan Department of Education and other regulatory bodies. However, this report is a matter of public record, and its distribution is not limited.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2006

Property Valuations

In accordance with Act No. 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under Act No. 198, Public Acts of Michigan, 1974, as amended. **As a result of Proposal A, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps. SEV is used in the calculation of debt margin and true cash value.**

Taxable property in the School District is assessed by the local municipal assessor, and is subject to review by the County Equalization Department.

Historical Valuation

<u>YEAR</u>	<u>HOMESTEAD</u>	<u>NON- HOMESTEAD</u>	<u>TOTAL TAXABLE VALUATION</u>
2005	\$ 96,082,521	\$ 109,547,108	\$ 205,564,929
2004	91,414,887	100,291,687	191,706,574
2003	89,156,424	90,161,994	179,318,418
2002	81,143,189	88,901,763	170,044,952
2001	73,725,635	83,407,791	157,133,426
2000	68,424,523	75,717,140	144,141,663
1999	65,272,529	70,909,256	136,181,785

* The 2005 State Equalized Valuation is \$359,946,050.

Source: County of Antrim in Equalization Department

Per Capita Valuation

Based on U.S. Census Bureau Population of 3,247

2005 Per Capita Taxable Valuation	\$ 63,309
2005 Per Capita State Equalized Valuation	\$110,855
2005 Per Capita Estimated True Cash Valuation	\$221,710

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2006

Major Taxpayers

The top ten taxpayers in the School District and their 2005 taxable valuation are as follows:

<u>Taxpayer</u>	<u>Product/Service</u>	<u>Taxable Valuation</u>
DTE Gas & Oil Co.	Utility	\$ 1,840,790
Nicholson, Paul & Ruth	Residential	873,370
Second Chance Body Armor, Inc.	Bullet-proof vests	859,043
Thompson, Eley O. and Kara S.	Residential	809,799
Great Lakes Energy Co-op	Utility	790,050
Sommerfeldt, Thomas & Marilyn	Residential	777,200
Kimron Construction Co.	Construction	739,958
Mogg, Bonnie J.	Residential	665,500
Ray, David & Linda	Residential	655,895
Villeneuve, Joseph W. & Karen L.	Residential	<u>643,162</u>
TOTAL		\$ <u>8,654,767</u>

The taxable valuations of the above taxpayers represent 4.21% of the School District's 2005 taxable valuation of \$205,564,929.

Source: County of Antrim Equalization Department.

Tax Rates (Per \$1,000 of Valuation)

Each school district, county, township, special authority and city has a geographical definition which constitutes a tax district. Since local school districts and the county overlap, either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

<i>Central Lake Public Schools</i>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Voted	18.0000	18.0000	18.0000	18.0000	17.8505	18.0000
Debt	<u>1.4000</u>	<u>1.5000</u>	<u>1.5000</u>	<u>1.50000</u>	<u>2.0000</u>	<u>2.1000</u>
Total Homestead	1.400	1.5000	1.5000	1.5000	2.0000	2.1000
Total Non-Homestead	19.4000	19.5000	19.5000	19.5000	19.8505	20.1000

The School District's electorate approved a Headlee Override for the 2003, 2004 and 2005 tax levies. Also, the electorate approved a Headlee override in May 2006 for the 2006 tax levy.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2006

Since school finance reform legislation became effective in March 1994, the State of Michigan has levied 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. The School District levies 18.00 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located within the School District.

2002 Public Act 244 (the "Act), provides that for the year 2003 only, the 6 mill State Education tax levy will be reduced to 5 mills and the levy will be permanently moved forward to July 1 from December 1. No tax or state aid cash flows to the school district are affected by the Act.

Source: School District.

State Aid Payments

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. The foundation guarantee is from \$6,875 to \$8,175 per pupil for the fiscal year 2005/06. In future years, this allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide.

The following table shows a history of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance.

<u>Year</u>	<u>Total</u>	<u>State Amount Received Per Pupil</u>	<u>Foundation Allowance Per Pupil</u>
2005-06	\$ 1,528,287	\$ 3,513	\$ 7,637
2004-05	1,877,476	3,911	7,462
2003/04	1,881,138	3,994	7,462
2002/03	2,166,431	4,551	7,462
2001/02	2,311,741	4,293	7,262
2000/01	2,253,197	4,199	6,962
1999/00	2,182,926	4,101	6,661

Source: Michigan Department of Education and School District

Tax Levies and Collections

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurer for collection. Antrim County annually pays from its Tax Payment Fund delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund has resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2006

A history of tax levies and collections for the School District is as follows:

Levy Year	Operating Tax Levy	Collections to March 1 of Following Year		Collections Plus Funding To June 30 of Following Year	
2005	\$ 1,971,841	\$ 1,766,558	89.6 %	\$ 1,962,310	99.52 %
2004	1,805,236	1,643,908	91.06	1,802,567	99.85
2003	1,622,908	1,493,455	92.02	1,616,324	99.59
2002	1,567,310	1,426,320	91.00	1,561,257	99.61
2001	1,465,288	1,341,370	91.54	1,463,112	99.85
2000	1,357,478	1,227,635	90.43	1,355,844	99.88
1999	1,251,383	1,141,803	91.24	1,249,467	99.85
1998	1,217,929	1,114,312	91.49	1,217,929	100.00

Source: School District

The Tax Payment Fund is financed through the issuance of General Obligation Limited Tax Notes (GOLTNs) by the county. Although the School District anticipates the continuance of this program by the county, the ability of the county to issue such GOLTNs is subject to market conditions at the time of offering. In addition, Act 206 of 1893, as amended provides in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, a tax sale is held by the county at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

The General Property Tax Act was amended by Act 123 of the Public Acts of Michigan of 1999. Act 123, which was signed by Governor Engler on July 22, 1999, extensively revises the procedures for the collection of delinquent property taxes. Act 123 has the effect of shortening the process for the collection of delinquent taxes from approximately six years (including statutory redemption periods) to less than three years.

Labor Force

A breakdown of the number of employees of the School District and their affiliation with organized groups is as follows:

Employees	Number	Bargaining Unit	Contract Expiration
Administrators	2	Non-Affiliated	N/A
Teachers	36	MEA	8/31/06
Secretaries	4	Non-Affiliated	N/A
Maintenance	6	Non-Affiliated	N/A
Transportation	5	Non-Affiliated	N/A
Aides	4	Non-Affiliated	N/A
Other	6	Non-Affiliated	N/A
TOTAL STAFF	<u>63</u>		

CENTRAL LAKE PUBLIC SCHOOLS
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2006

Debt Statement (As of June 30, 2006)

Direct Debt

<u>Dated Date</u>	<u>Purpose</u>	<u>Type</u>	<u>Interest Spread</u>	<u>Maturities</u>	<u>Amount Outstanding</u>
9/16/03	Refunding	UT NQ	2.75– 4.00%	5/1/07 - 13	\$1,320,000

School Enrollment

Historical Enrollment

The School District's historical enrollment (Fall Pupil Count Day) is as follows:

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Enrollment</u>
2005/06	435	2000/01	493
2004/05	480	1999/00	507
2003/04	471	1998/99	495
2002/03	492	1997/98	519
2001/02	514	1996/97	497

Enrollment by Grade

The enrollment by grade for the school year 2005/06 (Fall Pupil Count Day) was as follows:

Kindergarten	24	Seventh	36
First	37	Eighth	32
Second	30	Ninth	24
Third	31	Tenth	28
Fourth	29	Eleventh	34
Fifth	37	Twelfth	37
Sixth	37	Special Education	8
		Adult Education	11
		TOTAL	435

Projected Enrollment

The projected enrollment – (2006/07) is as follows:

K-6	221
7-8	62
9-12	157
TOTAL	440

Source: School District

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 13, 2006

Board of Education
Central Lake Public Schools
Central Lake, Michigan

Dear Members of the Board:

As a result of our audit of the financial statements of the Central Lake Public Schools for the year ended June 30, 2006, we would like to take this opportunity to comment on the following items relative to the management and accounting records and procedures of the School District:

Single Audit

The threshold for requiring a Single Audit of federal award programs is now \$500,000. Therefore, it was not necessary to perform a Single Audit this year.

Athletic Activities Fund

The School District currently does not employ internal controls over the revenue received from admissions. In order to implement a complete system of internal controls, additional costs would be required. We believe that the Administration should review the methods of accounting for admissions and consider implementing additional procedures where the benefits outweigh the associated costs.

Budgeting Procedures

The School has excellent procedures and controls in place to prepare and monitor the budgets.

Groups and Organizations

In the past there have been instances of school related organizations that had been operating an on miss from the district, however, these groups were using the Districts federal identification number on their bank accounts.

We recommend that all school related groups and organizations using the districts federal identification number be accounted for in the Districts Agency (Activity) Fund. This groups financial activities.

Continuing Disclosure Requirements

Regulations relative to the bond issue refunding in 2003 require that the District provide annual continuing disclosure information to the bondholders until all of the bonds are paid in full. These disclosures can be included as supplemental information with the audit report or the school can provide this information separate from the audit. In the past, we have included the data right in the audit report and have accumulated this data with the assistance of your accounting staff and the county equalization departments so that the disclosure requirements are met. We have discussed this with the administration and will currently continue to include this data in your annual audit.

Reportable Condition in Internal Control

In planning and performing our audit of the financial statements of the Central Lake Public School, Central Lake, Michigan, for the year ended June 30, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants (A.I.C.P.A.). Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

General Condition of Accounting Records

The accounting records were found to be in excellent condition again this year. The accounting personnel did a good job in preparing for the audit.

We encourage the administration and accounting staff to continue to implement new procedures and controls as it appears appropriate or as new rules and regulations require changes.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperative spirit and assistance in helping us fulfill this audit assignment.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.